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# World Production and Trade

United States  
Department of  
Agriculture

Foreign  
Agricultural  
Service

Washington, D.C. 20250

Weekly  
Roundup

WR 42-86

October 22, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

## GRAIN AND FEED

GLOBAL Grain Trade Shows Sharp Drop in 1985/86. Preliminary estimates of world grain trade for the year just completed on September 30th indicate a sharp drop from earlier years. Reasons for the decline include: rising production in countries that have been traditional importers; diminished buying power in some third world countries; and the heavy debt loads of many developing countries and their inability to shoulder more debt-servicing burdens.

COMMODITY	1981/82	1982/83	1983/84	1984/85	1985/86
-Million metric tons-					
Wheat	101.3	98.7	102.0	106.9	85.2
Coarse Grains	96.6	89.9	91.9	100.7	81.5
-U.S. Percent-					
Wheat	47.6	41.6	38.1	36.3	29.2
Coarse Grains	62.1	59.0	61.6	56.2	44.3

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THE EUROPEAN COMMUNITY Targets JAPAN as New Barley Market. In a bid to find more outlets for its surplus barley, the European Community (EC) will offer subsidies for barley exports to Japan for the first time in several years. The Japanese barley market is dominated by Australia and Canada, which together provide approximately 90 percent of the 1.4 million tons of barley imported by Japan. The United States is a residual supplier of the remaining 10 percent (100,000 tons in 1985/86 Oct/Sept), and is likely to be displaced should the EC further increase its subsidies to realize barley sales. During the 1980/85 period (Oct/Sept), the EC's annual production averaged 48.0 million tons while it used an average of 43.0 million tons. Consequently, to control stocks, the EC has been aggressively subsidizing exports to the Mediterranean basin countries. Increased competition from the U.S.' Export Enhancement Program in these markets may have induced the EC to look for new markets for its surplus barley.

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USSR To Limit Purchases of ARGENTINE Coarse Grains. After purchasing only 400,000 tons of corn this year, the Soviet Union has reportedly indicated to Argentina that it will purchase a minimum of 4.0 million tons of grains (including wheat) and 500,000 tons of soybeans in 1987. Under its original long-term agreement with Argentina, the Soviets had agreed to purchase a minimum of 4.0 million tons of only corn and sorghum during 1986/90. This change will give the Soviets greater flexibility in buying-- recent Soviet grain purchases from Argentina have been 40 percent wheat. Argentina, which in the past has relied on the Soviets to purchase one-third of its corn and sorghum exports, may direct its export efforts for these commodities toward other markets, notably Brazil, and this could adversely affect U.S. export prospects.

#### OILSEEDS AND PRODUCTS

SPAIN'S Sunflowerseed Market in Turmoil. Reports indicate that the combined effects of a drought-reduced sunflowerseed crop of about 770,000 tons and an increasing number of crushers have left sunflowerseed producers unable to satisfy industry demands, even though they are receiving prices as much as 50 percent higher than a year ago. Those high prices will result in higher sunoil prices and possibly the need to import sunoil or seeds for crushing. Major sunflowerseed crushers claim that the Spanish press is distorting the picture, but admit there has been considerable grower speculation in parts of the country. Spain's commitments with the EC do not leave much room for the government to thwart speculative moves by importing sunflowerseeds for crushing or sunoil.

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EC Increases PORTUGAL'S Soy Oil Quota. On October 1 the EEC Management Committee increased the soybean oil quota in Portugal to 50,000 tons from 42,000 tons for the 10 months ending December 31. The quota for sunflower oil for the same period was reduced by 8,000 tons to 92,000 tons. The Commission explained that the quota had been two-thirds filled and was revised so as not to become restrictive.

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BOLIVIA Exports Soybeans for the First Time. The economic programs of the new Bolivian government have stimulated oilseed production. A record 130,000 tons of soybeans were produced in 1986; 20,000 tons have been exported to West Germany. In addition, Bolivia's exports of soybean meal almost doubled to 55,000 tons. The United States can anticipate increased competition for soymeal markets, especially in Peru and Chile.

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# NUTS

WORLD Pistachio Crop Down. Pistachio output by the world's leading commercial producers is currently forecast at 51,000 tons (inshell basis), 14 percent below the revised 1985/86 volume. Record on-year crops in both Syria and the United States are not expected to offset the shortfalls projected elsewhere during the 1986/87 season--an off-year in the biennial-bearing pattern for three of the five producing countries. Following traditional cultural practices, this season's off-year crop in Italy was heavily pruned, so output is expected to be minimal at 300 tons. In Greece and Turkey, the negative impact of the alternate bearing tendency was compounded by excessively dry weather throughout most of the growing season. This is expected to cause a 17-percent decline in Greece and an 81-percent shortfall in Turkey.

The following table presents commercial production of pistachios for five producing countries. Data are in 1,000 metric tons on an inshell basis.

	1984/85	1985/86	1986/87 <u>1/</u>
Greece	2.0	2.3	1.9
Italy	0.2	2.0	0.3
Syria	10.8	10.0	11.0
Turkey	15.0	33.0	6.0
United States	28.6	12.3	31.8
TOTAL	56.6	59.6	51.0

1/ Preliminary.

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WORLD Walnut Production Below Last Year's Record. After the record production level of last season, walnut output during the 1986/87 season is expected to drop 4 percent to 429,900 tons (inshell basis). Short crops in the United States, Turkey, France and Italy are expected to more than offset the record harvests projected for China and India.

The U.S. crop is currently estimated at 172,400 tons, down 13 percent from a year ago and the smallest since the 145,150 ton crop in 1978/79. Spring showers hampered pollination, thereby reducing yields of the early maturing varieties. This was moderated somewhat by an above-average set for late season varieties. Kernal sizes are reportedly larger--approximately two-thirds of the 1986/87 crop has been sized out as "JUMBO", while only 56 percent of the 1985/86 crop was in the "JUMBO" category.

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Excessively dry weather hampered crop development in both Turkey and France. Turkey's 1986/87 harvest is forecast at only 68,000 tons, potentially the smallest crop since 1959/60. Although the French crop is forecast to decline only 3 percent, walnut orchards have not yet recovered from the 1985 frost and subsequent drought in 1986. Current assessments indicate that the relatively stable crop volume projected for the 1986/87 season stems from newly bearing orchards, which are offsetting yield losses because of weather damage.

Italy's walnut crop is expected to be 14 percent smaller than last year's harvest due to strong winds and heavy rains during fruit setting. Droppage has been extensive, but quality and kernal size appear above average.

The following table shows commercial walnut production in selected countries on an inshell basis. Data are in 1,000 tons.

	1984/85	1985/86	1986/87 <u>1/</u>
China	128.2	122.0	131.0
France	14.2	23.3	22.5
India	21.2	22.0	24.0
Italy	12.0	14.0	12.0
Turkey	72.0	70.0	68.0
United States	193.2	198.7	172.4
TOTAL	440.8	450.0	429.9

1/ Preliminary.

## SUGAR

WORLD Sugar Production Rises. World centrifugal sugar production in 1986/87 is estimated at 100.1 million metric tons (raw basis), slightly less than initially forecast in May 1986, but 2 percent more than the revised 1985/86 production. The 1985/86 production of 98.1 million tons was revised upward 1.6 million from the previous estimate. For 1986/87, world production of sugar from cane is estimated at 64.4 million tons, 4 percent more than in the previous season. Sugar from beets is expected to be 35.7 million tons, down 2 percent from last year's production.

In the European Community, where 14 percent of the world's sugar is produced, output is expected to be slightly less than last year. Most of the reduction is in France where less acreage is being harvested. Increases are expected in Italy, up 248,000 tons, and the Netherlands, up 220,000 tons. In Eastern Europe, a 3-percent reduction is estimated because of lower output in Poland, Hungary and Yugoslavia.

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Sugar production in the Soviet Union is currently estimated at 7.7 million tons, down 7 percent from last year, and 9 percent less than initially forecast. Dry growing conditions caused the reduction of the estimate of beet production by 8 million tons to 75 million tons. This year, however, the Soviet Union is expected to experience less loss and waste between fields and factories. The Soviet Union has released its sugar production data for 1985. The data appear in the recently published statistical yearbook, "The National Economy of the USSR, 1985." Based on this new information, the Soviet Union's 1985/86 sugar production estimate has been increased by 450,000 tons to 8.25 million.

In Brazil, the world's largest sugar producer, sugar production is estimated to reach 9.1 million tons, unchanged from the May forecast but up 11 percent from last year. While production is lagging behind last year's pace, raw material supplies should be sufficient to meet the projected output.

Sugar production in Asia is estimated to increase in four of the six largest producing countries. India, the largest producer in this region, is expecting a crop of 8.7 million tons, up 9 percent from last year because of better weather. Pakistan's production is estimated at 18 percent above last year, mainly because of larger harvested area. Production in Indonesia and the Philippines is estimated to be up slightly from a year ago. China and Thailand are both expecting sugar production to be slightly down from last year.

South Africa's sugar production estimate of 2.3 million tons is virtually unchanged from the production level of a year ago.

Australia's sugar production is estimated to be down from 1985/86 mainly because of adverse weather in Queensland--cyclone damage in the north and drought in the south.

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Regional sugar production estimates are as follows in million metric tons (raw basis):

Region	-----1985/86-----			-----1986/87-----		
	Beet	Cane	Total	Beet	Cane	Total
North America	2.78	6.39	9.17	3.02	6.52	9.55
South America	0.38	12.83	13.22	0.46	13.73	14.18
Central America	0	1.79	1.79	0	1.82	1.82
Caribbean	0	8.48	8.48	0	8.97	8.97
EC-12	14.42	.01	14.44	14.13	0.02	14.15
Other West Europe	1.04	0	1.04	0.89	0	0.89
East Europe	5.54	0	5.54	5.36	0	5.36
USSR	8.25	0	8.25	7.70	0	7.70
North Africa	0.51	1.39	1.90	0.51	1.42	1.93
Other Africa	0	5.93	5.93	0	5.98	5.98
Middle East	1.94	0.27	2.21	2.19	0.30	2.49
Asia <u>1/</u>	1.49	20.94	22.43	1.47	21.89	23.36
Oceania	0	3.69	3.69	0	3.75	3.75
Total <u>2/</u>	36.26	61.72	98.08	35.74	64.39	100.13

1/ Includes Khandsari sugar in India.

2/ May not add due to rounding.

#### CREDIT NOTES

GSM-102 Action Announced for IRAQ. USDA authorized \$7 million in credit guarantees so Iraq can purchase U.S. agricultural commodities, including wool, vegetable oils and corn.

#### EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Oct. 21, 1986, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS	
48. Philippines barley malt	Oct. 20, '86	60,000	
47. Cameroon wheat flour	Oct. 14, '86	20,000	
46. Romania barley	Sept. 24, '86	200,000	
45. Venezuela barley malt	Sept. 4, '86	100,000	
44. Cyprus barley	Aug. 26, '86	150,000	Sold 25,000
43. Canary Islands wheat	Aug. 8, '86	100,000	
42. Egypt semolina	Aug. 6, '86	30,000	
41. Soviet Union wheat	Aug. 1, '86	4,000,000	EXPIRED
40. Canary Is. dairy cattle	July 28, '86	3,000 head	

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EXPORT ENHANCEMENT INITIATIVES CONT.

39. Hong Kong table eggs	July 28, '86	44 million	
38. Senegal wheat	July 17, '86	100,000	
37. India vegetable oil	July 8, '86	25,000	
36. Jordan barley	June 17, '86	60,000	
35. Israel barley	June 17, '86	200,000	Sold 36,200
34. Tunisia dairy cattle	May 29, '86	4,000 head	
33. Algeria dairy cattle	May 29, '86	5,000 head	
32. Sri Lanka wheat	May 16, '86	125,000	Sold 75,000
31. Saudi Arabia barley	May 7, '86	500,000	COMPLETE
	Aug. 6, '86	250,000	COMPLETE
	Sept. 16, '86	300,000	COMPLETE
	Oct. 8, '86	200,000	Sold 31,000
30. Algeria barley	Apr. 17, '86	500,000	
29. Morocco dairy cattle	Apr. 16, '86	4,000 head	Sold 150
28. Turkey dairy cattle	Apr. 16, '86	5,000 head	
27. Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
	Sept. 12, '86	10,000 head	
26. Yemen poultry feed	Apr. 14, '86	150,000	
25. Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
	June 24, '86	200,000	Sold 131,900
	Oct. 7, '86	500,000	
24. Indonesia dairy cattle	Apr. 9, '86	7,500 head	
23. Syria wheat	Apr. 8, '86	700,000	
22. Benin wheat	Apr. 7, '86	45,000	Sold 30,000
21. Algeria table eggs	Apr. 4, '86	500 million	
20. Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 200
19. Jordan wheat	Mar. 19, '86	75,000	COMPLETE
	June 20, '86	75,000	COMPLETE
18. Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
	Aug. 22, '86	800,000	Sold 250,000
17. Algeria wheat flour	Feb. 25, '86	100,000	
16. Algeria semolina	Feb. 11, '86	250,000	
15. Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
14. Zaire wheat	Dec. 27, '85	40,000	COMPLETE
	May 15, '86	40,000	COMPLETE
	Oct. 17, '86	40,000	
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 4,400
12. Iraq wheat flour	Dec. 9, '85	150,000	Sold 100,000
11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE

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EXPORT ENHANCEMENT INITIATIVES, CONT.

10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE
			(506,600)
	May 8, '86	500,000	
6. Morocco wheat	Sept. 30, '85	1,500,000	Sold 890,000
5. Yemen wheat	Sept. 6, '85	100,000	Sold 50,000
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	Sold 13,000 LT
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE
			(512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
	Oct. 8, '86	1,000,000	
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat	June 4, '85	1,000,000	COMPLETE
	Apr. 10, '86	1,000,000	

EXPORT ENHANCEMENT PROGRAM SUMMARY

Status as of October 21, 1986

Announced to Date	16,411,180 (grain equivalent)
	544 million table eggs
	43,000 tons frozen poultry
	51,000 head dairy cattle
	25,000 tons vegetable oil
Sold to Date	5,357,400 wheat
	1,222,683 flour (grain equivalent)
	1,142,200 barley
	43,000 frozen poultry
	38,700 rice
	5,980 barley malt (grain equivalent)
	6,350 head dairy cattle
Total Sales Value:	\$822.4 million
Estimated Bonus Book Value:	\$414.3 million.



# TARGETED EXPORT PROMOTION PROGRAM

The status of USDA's Targeted Export Promotion Program as of Oct. 21, 1986, was as follows:

DATE ANNOUNCED	COMMODITY	VALUE	COUNTRY
Oct. 9, 1986	Red meat	\$7.0 million	Japan, Hong Kong
Oct. 8, 1986	High-value and processed foods	\$3.2 million	All countries
Oct. 3, 1986	Pasta products	\$2.1 million	Caribbean, Pacific Rim, Middle East
Oct. 2, 1986	Cotton	\$7.0 million	Western Europe, Asia
Oct. 1, 1986	Pistachios	\$0.2 million	Pacific Rim
Sept. 30, 1986	Soybeans	\$8.5 million	European Community
Sept. 29, 1986	Peanuts	\$4.5 million	Western Europe
Sept. 19, 1986	Processed foods	\$0.3 million	West Germany
Sept. 17, 1986	Processed foods	\$1.4 million	Pacific Rim
Sept. 16, 1986	Processed foods	\$0.5 million	Pacific Rim, Western Europe, Middle East, Caribbean
Sept. 16, 1986	Wine	\$2.5 million	Pacific Rim, Western Europe
Sept. 12, 1986	Rice	\$3.5 million	European Community, Middle East, Africa, Southeast Asia, Caribbean
Sept. 8, 1986	Fresh pears	\$0.3	Scandinavia, Arabian Gulf, Pacific Rim
Sept. 2, 1986	Wheat	\$2 million over 3 years	Egypt, Algeria
Aug. 12, 1986	Canned Peaches, Fruit Cocktail	\$5.1 million	Pacific Rim & Middle East
Aug. 8, 1986	Feed Grains	\$2.1 million	To be announced
July 28, 1986	Dry Peas & Lentils	\$2.5 million	EC, Colombia, India
July 25, 1986	Table Grapes	\$0.35 million	Japan
July 18, 1986	Washington State Apples	\$1.4 million	United Kingdom, Taiwan, Malaysia, Hong Kong, Norway, Middle East
July 17, 1986	Wood Products	\$0.65 million 1/	United Kingdom
July 16, 1986	Wheat	\$1.1 million	Developing countries
July 14, 1986	Poultry & Eggs	\$6 million	Pacific Rim, Middle East countries
June 24, 1986	Feed Grains, Soybean Meal & Dairy Cattle	\$9 million over 3 years	Algeria
June 23, 1986	Fresh & Processed Florida Citrus	\$4.6 million	Western Europe & Pacific Rim
May 20, 1986	Dried Prunes	\$4 million	Western Europe

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TEA PROGRAM SUMMARY CONT.

April 30, 1986	Wood	\$1.95 million (over 3 years)	Japan
April 28, 1986	Wine	\$2.3 million	Japan, United Kingdom, Hong Kong, Singapore
April 25, 1986	Almonds	\$0.9 million	Western Europe, Japan, Korea
April 17, 1986	Canned Peaches, Fruit Cocktail	\$2.5 million	Japan, Taiwan
April 16, 1986	Walnuts	\$9 million 2/	Western Europe, Japan, Australia
April 16, 1986	Raisins	\$6.3 million	Western Europe, Pacific Rim, Middle East
April 14, 1986	California & Arizona fresh & processed citrus	\$8.5 million	Western Europe, Pacific Rim
March 27, 1986	Frozen Potatoes	\$2 million	Japan, Hong Kong, Taiwan, Malaysia, Singapore

Total: \$113.07 million

1/ Part of April 30, 1986, wood TEA amount. Not included in total.

2/ Includes additional \$2 million announced Aug. 1, 1986.



Selected International Prices

Item	: October 21, 1986	: Change from	: A year
	:	: a week ago	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			\$ per MT
Canadian No. 1 CWRS-13.5%.	N.Q.	--	191.00
U.S. No. 2 DNS/NS: 14%....	131.50	3.58	+1.25 175.00
U.S. No. 2 S.R.W. ....	137.00	3.73	+2.00 143.00
No. 3 H.A.D.....	144.00	3.92	+4.00 174.00
Canadian No. 1 A: Durum...	152.00	4.14	+3.50 N.Q.
Feed grains:			
U.S. No. 3 Yellow Corn....	78.00	1.98	-0- 111.50
Soybeans and meal:			
U.S. No. 2 Yellow.....	196.75	5.35	+3.25 206.00
Brazil 47/48% Soya Pellets	204.00	--	+2.00 189.00
U.S. 44% Soybean Meal.....	184.00	--	-0- 174.00
U.S. FARM PRICES 3/			
Wheat.....	85.97	2.34	+1.10 111.69
Barley.....	59.25	1.29	-0- 64.76
Corn.....	55.91	1.42	-0- 84.25
Sorghum.....	55.12	2.50	-0.66 82.23
Broilers.....	1503.98	--	-83.55 1054.68
EC IMPORT LEVIES			
Wheat 5/.....	182.80	4.98	-0.80 101.35
Barley.....	181.40	3.95	-0.25 100.40
Corn.....	182.00	4.62	+0.65 91.85
Sorghum.....	175.60	4.46	+2.40 102.70
Broilers 4/ 6/ 8/.....	369.00	--	-4.00 190.00
EC INTERVENTION PRICES 7/ 9/			
Common wheat(feed quality)	188.50	5.13	-1.70 157.30
Bread wheat (min. quality)	197.85	5.38	-1.80 167.85
Maize.....	197.85	5.03	-1.80 157.30
Barley and all other feed			
grains, excluding maize.	188.50	--	-1.70 157.30
Broilers 4/ 6/.....	1562.00	--	+1.00 1230.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat .....	137.25	3.74	+5.95 59.55
Barley.....	133.55	3.63	+1.75 68.35
Broilers 4/ 6/ 8/.....	324.00	--	-3.00 109.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. N.A.=None authorized. N.Q.=Not quoted. Note: Basis November delivery.

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